

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY &  
SAN DIEGO GAS & ELECTRIC COMPANY FOR AUTHORITY TO REVISE THEIR  
NATURAL GAS RATES AND IMPLEMENT STORAGE PROPOSALS EFFECTIVE  
JANUARY 1, 2020 IN THE TRIENNIAL COST ALLOCATION PROCEEDING**

**(A.18-07-024)**

**(DATA REQUEST CAL ADVOCATES-DR-014)**

**DATA RECEIVED: 11 – 7 – 18**

**DATE RESPONDED: 11 – 27 – 18**

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**QUESTION 1:**

Starting at page 7 of Chapter 12 Testimony in A.18-07-024, the Applicants provide a review of the Commission decision in D.17-09-035 on issues pertaining to the residential fixed customer charge. The Applicants cite reference to the decision determination that “a fixed charge should include only revenue cycle services costs (costs for account set-up, metering services, billing and payment) with certain exclusions, all meter capital costs, and minimum service drop and final line transformer (FLT) costs calculated by using the minimum observed cost for residential class.” Applicants further cite the decision as suggesting that “the minimum observed costs for FLT and service drop could be the 10th or 20th percentile of respective cost distribution, or the average cost for the bottom 10% or 20%.” Footnote 20 states that SoCalGas multiplied the 20th percentile line length in feet for half-inch plastic pipe (the cheapest service line pipes) by the average cost of half inch plastic pipe per foot. Further, the footnote states that SoCalGas used size 1 meter and regulator commonly used for residential customers. Footnote states that SDG&E used the average of the 20% of the lowest-cost projects out of the 1,520 one-inch plastic pipe projects completed during January 2017 through June 2018.

Applicants further assert that the decision also allowed for other approaches “as long as they are reasonably consistent with the ‘minimum observed cost’ approach we adopt here.” The Applicants assert that the decision’s categories of fixed costs eligible for inclusion in a residential fixed customer charge for electric utilities are directly applicable to gas utilities. The Public Advocates Office notes that D.17-09-035 at Conclusions of Law # 4 states: Because revenue cycle services costs are directly customer-related, do not need to be differentiated by size, dwelling type, or demand levels, and parties mostly agree with including them, they are suitable to be included in a fixed charge, with the exception of uncollectibles and certain costs charged to specific customers.

- (a) Please provide the Applicants’ detailed workpapers on revenue cycle services (RCS) costs which show in detail for each of SoCalGas and SDG&E, the costs for account setup, metering services, billing and payment, including “certain exclusions” as stated in the Commission decision for each customer class.
- i. For each customer class, please explain all the cost data that were considered by the Applicants as included in “costs for account set-up” and provide the detailed breakdown for the aggregate total amounts shown for the costs for account setup, including the relevant cost driver data (for example, credit checks and income verifications, etc.) in excel spreadsheets.

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- ii. For each customer class, please explain all the cost data that were considered by the Applicants as included in “metering services” and provide the detailed breakdown for the aggregate total amounts shown for the costs of “metering services,” including the relevant cost driver data (for example, number of gas meters repaired, or replaced, manual meter reads, etc.) in excel spreadsheets.
- iii. For each customer class, please explain all the cost data that were considered by the Applicants as included in “billing and payment” and provide the detailed breakdown for the aggregate total amounts shown for the cost of “billing and payment,” including the relevant cost driver data (for example, number of printed bills delivered, electronic bills delivered, etc.) in excel spreadsheets.
- iv. Please spell out any exclusions from the Revenue Cycle Services cost data presented by the Applicants such as Uncollectibles and certain costs charged to specific customers and cite reference to the workpapers that verify those exclusions from the RCS calculations.
- v. Provide a summary table for the Applicants’ RCS costs showing the monthly per customer costs, as applicable, by service and class as suggested in the sample summary table below:

Customer class	Account Set Up	Billing & Payments	Metering Services	Credit & Collections	Meter Reading	Total RCS Cost Per customer
Res						
Core C&I						
Core NGV						
EG						
etc						

- (b) Given the Applicants’ assertion above that the decision’s categories of fixed costs eligible for inclusion in a residential fixed customer charge for electric utilities are directly applicable to gas utilities, then please explain whether it is the Applicants’ understanding that because certain customer O&M costs for service establishment and field collection is directly collected from customers (as in the case of electric utilities per D.17-09-035 FOF #11), it is appropriate to exclude such costs from the revenue cycle services costs to avoid double-charging. If so, please cite reference to your workpapers where the Applicants show that certain customer O&M costs for service establishment and field collection are excluded from revenue cycle services.

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- (c) Please explain the reason behind the use of the 20th percentile line length instead of the decision’s suggestion “that the minimum observed costs for FLT and service drop could be the 10th or 20th percentile of respective cost distributions, or the average cost for the bottom 10% or 20%.”
- (d) Please clarify the reason behind the use of the average cost of half-inch plastic pipe per foot, whether the half-inch pipe was the cheapest service line pipes, or the half-inch pipe was the most common size pipe in use for residential customers. Please cite reference to data in your workpapers that support this reason.

**RESPONSE 1:**

(a) Applicants’ support for already-submitted workpapers on revenue cycle services (RCS) costs for account setup, metering services, billing and payment are listed below. For SoCalGas, the RCS costs are captured in five operation and maintenance (O&M) cost categories: Customer Accounts, Customer Services, Meter O&M, Service Lines O&M, and O&M loaders. The costs and cost drivers for the RCS are included in the following:

- SoCalGas Customer Accounts.xls, tabs: Sum by Alloc, LRMC Cost Sum-Final, Alloc Factors, and Act Dr Data. Attachment provided separately.
- SoCalGas Customer Services.xls, tabs: Summary, SCG Dart Hours. See attachment.
- SoCalGas Meter O&M.xls, all tabs show allocation and detailed costs. Attachment provided separately.
- CS&I O&M Costs.xls, previously provided in DR-007, Response 2 (a), which shows detail cost breakdown before allocation across customer classes. The allocation across customer classes is shown in workpaper (Chapter 9), SCG 2020TCAP LRMC Customer Costs 20<sup>th</sup> percentile min 0618.xls, tab: cust 8 O&M, lines 56-87.
- Service Lines O&M costs.xls, previously provided in DR-07, Response 2 (a), which shows detail cost breakdown before allocation across customer classes. The allocation across customer classes is shown in workpaper (Chapter 9), SCG 2020TCAP LRMC Customer Costs 20<sup>th</sup> percentile min 0618.xls, tab: cust 8 O&M, lines 40-41.
- Workpaper (Chapter 9): SCG 2020TCAP LRMC O&M Loader.xls.



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For SDG&E, the RCS costs are captured in five O&M cost categories: Customer Accounts, Customer Services, Meter O&M, Service Lines O&M and O&M loaders. The costs and cost drivers for the RCS are included in the following:

- Workpaper (Chapter 10), SDGE 2020TCAP LRMC Customer Costs.xls, tabs: Cust LRMC, O&M 870-894, 870-894 Fctrs. Cust LRMC, and O&M 901-910.
  - Workpaper (Chapter 10), SDGE 2020TCAP LRMC OM Loaders.xls, tabs: LRMCC-O&M Summary, and LRMCC-10a, all other tabs for O&M loaders.
    - i. Since the implementation of the long-run marginal cost method, for estimating customer-related costs, Applicants have estimated RCS costs using the file structure described above. Applicants do not separately calculate costs for specific components of RCS, such as, costs for account set-up, metering services, and billing and payment. Rearranging the cost data in the requested format would be overly burdensome.
    - ii. See response to 1(a) i.
    - iii. See response to 1(a) i.
    - iv. Uncollectibles are excluded from the calculation of RCS costs as shown in workpaper (Chapter 9), SCG 2020TCAP LRMC OM loader.xls, tab: Net O&M. Non-marginal costs, such as A&G Salaries, are also excluded, as shown in the same workpaper, tab: A&G 1.
    - v. The RCS costs are not broken out by the categories requested. This is described in response (a) above.
- (b) The O&M costs for service establishment and field collection were included in the estimation of RCS costs. The revenues associated with service establishment charge and field collection are part of Miscellaneous Revenues which are used as an offset in the derivation of base margin. As shown in the spreadsheet responsive to Question 1(a), “SoCalGas Customer Services.xls”, tab, Summary, line 22, shows Service Establishment Charge is Not Applicable (N/A). Also, lines 18 – 20, shows as N/A. There should be no double counting.

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- (c) The 20th percentile line length was used instead of the 10th or 20th percentile of respective cost distributions, or the average cost for the bottom 10% or 20%, because the cost distribution was not available when the study was prepared.
- (d) SoCalGas used the average cost of half-inch plastic pipe per foot because the half-inch pipe was the least expensive service line pipes, which is also the most common size pipe in use for residential new business customers. See Workpaper (Chapter 9), SCG 2020TCAP LRMC Customer Costs 20<sup>th</sup> percentile min 0618.xls, tab: service cost detail, line 30.

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**QUESTION 2:**

At page 19 of Chapter 12 Testimony in A.18-07-024, the Applicants explain that they focused on their CARE customers' bills to evaluate the bill impacts of the proposed \$10 per month customer charge. Applicants describe four alternative gas usage scenarios: average, median, 10th percentile, and 90th percentile usage. Applicants state that the 10th percentile usage scenario represents low usage customers and the 90th percentile usage scenario represents high usage customers. According to the Applicants, for low usage CARE customers, the monthly bill is expected to increase every month, with an average monthly bill increase of \$2.96 per month. For CARE customer with median usage, average monthly bill will likely increase by \$0.47 per month but indicate that such a customer's winter bills will be lower. Applicants further assert that for CARE customers with average usage, the average monthly bill will likely remain the same but the customer's winter bills will be lower when gas bill are generally higher due to heating load. In addition, for high usage (90th percentile) CARE customers, the average monthly bill is likely to be lower by \$1.08 per month, with higher decreases in winter months.

- (a) Please define the gas usage in therms for the "average" scenario.
- (b) Please define the gas usage in therms for the "median" scenario.
- (c) Please cite reference to the excel workpapers which show the average monthly bill increase of \$2.96 per month for low usage CARE customers, including a cite to the specific cell that show this.
- (d) Please cite reference to the excel workpapers which show the median usage average monthly bill increase of \$0.47 per month for median usage CARE customers, including a cite to the specific cell that show this.
- (e) Please cite reference to the excel workpapers which show that the monthly bills for average usage CARE customers will likely remain the same, but the customer's winter bills will be lower, including a cite to the specific cell that show this.
- (f) Please cite reference to the excel workpapers which show that the monthly bills for high usage CARE customers will likely be lower by \$1.08 per month, with higher decreases in winter months, including a cite to the specific cell that show this.
- (g) Please describe the winter bills for the low usage CARE customers who are at the 10th percentile and cite reference to the excel workpapers which show this.

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- (h) For customers who are expected to have lower winter monthly bills as described above due to generally higher heating load, please explain whether the expected lower winter monthly bills also generally include assumptions of higher gas prices during the winter season.

**RESPONSE 2:**

- (a) For the CARE Bill Impact Analysis, the “Average” scenario represents a hypothetical customer with usage equivalent to the average of all residential CARE customers.

Per the Workpapers (Chapter 12), File: SCG TCAP Bill Impact Summary - CARE.xlsx, Tab: SCG CARE Average, Cells: E4:E15, the “Average” scenario assumes the following usage by month (January = 1, December = 12).

Month	Average Therms
1	49
2	44
3	36
4	24
5	21
6	20
7	17
8	15
9	16
10	17
11	21
12	29

- (b) For the CARE Bill Impact Analysis, the “Median” scenario represent a hypothetical customer with usage equivalent to the Median of all residential CARE customers.

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Per the Workpapers (Chapter 12), fFile: SCG TCAP Bill Impact Summary - CARE.xlsx, Tab: SCG CARE Median, Cells: I4:I15, the “Median” scenario assumes the following usage by month (January = 1, December = 12).

Month	Median Therms
1	40
2	37
3	31
4	22
5	19
6	18
7	14
8	13
9	13
10	15
11	19
12	25

- (c) The average monthly bill increase of \$2.96 per month for low usage CARE customers is shown in the workpapers of Sharim Chaudhury (Chapter 12), file “SCG TCAP Bill Impact Summary - CARE.xlsx”, tab “SCG”, cell F18.
- (d) The median usage average monthly bill increase of \$0.47 per month for median usage CARE customers is shown in the workpapers of Sharim Chaudhury (Chapter 12), file “SCG TCAP Bill Impact Summary - CARE.xlsx”, tab “SCG”, cell E18.
- (e) The workpapers of Sharim Chaudhury (Chapter 12), file “SCG TCAP Bill Impact Summary - CARE.xlsx”, tab “SCG”, cells D5:D18, show that the monthly bills for average usage CARE customers will likely remain the same, but the customer’s winter bills will be lower.
- (f) The workpapers of Sharim Chaudhury (Chapter 12), file “SCG TCAP Bill Impact Summary - CARE.xlsx”, tab “SCG”, cells G5:G18 show that the monthly bills for high usage CARE customers will likely be lower by \$1.08 per month, with higher decreases in winter months.
- (g) For low usage CARE customers who are at the 10<sup>th</sup> percentile, SoCalGas expects bills to increase an average of \$2.96 per month over the year, with lower increases expected in the

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winter months. See the workpapers of Sharim Chaudhury (Chapter 12), file “SCG TCAP Bill Impact Summary - CARE.xlsx”, tab “SCG”, cells F5:F18.

(h) For this analysis, the core procurement rate at \$0.2769/th reflects the average monthly gas price over a 12-month period.